expertise in action®

Paying for Quality

Discussion with the RI Community Hospital Task Force
February 27, 2008

Discussion Topics

- Payer role in encouraging quality
- Pay-for-quality incentives
  - P4Q policy decisions
  - Models from other payers
  - Possibilities for Rhode Island

Examples and numbers are presented for purposes of discussion and do not reflect Rhode Island state government policy

PAYER ROLE

Wonderful, Dangerous Places

1.9 Million Nosocomial Infections a Year

- Ventilator-associated pneumonia
- Sepsis
- Urinary tract infection
- Surgical site
- MRSA, CDAD
- IV catheters

Drug Errors

- Allergies
- Interactions
- Dosage errors
- Timing errors

Information Errors

- Handwritten charts
- Verbal orders
- Abbreviations
- Transfers of care
- Poor historians

- Falls
- Pulmonary embolisms
- Stroke
- Wrong-site surgery

PAYER ROLE

Payer Approaches to Hospital Quality

- Better quality => reducing errors AND improving outcomes
- All too often – payers pay *more* for poor quality
- Not paying for "never events"
  - Hospitals in MA, VT, MN, WA voluntarily not charging patients
  - Reported incidence very rare (0.03% in Washington state)
- Not paying more for potentially preventable complications
  - Now can be identified using present-on-admission indicator
  - Medicare list 10/1/08: pressure ulcers, catheter-assoc. infections
- Pay-for-quality incentive programs
  - PA, AR, Medicare (proposed)

P4Q POLICY DECISIONS

Policy Decisions to Be Made

- What measures?
  - Balance appropriateness and feasibility
- What population to use in measuring performance?
- What population to use in making payments?
- Reward attainment, improvement or both
- Funding – amount and source
- How to put into operation
- Consultation process

P4Q: WHAT MEASURES

Example: 20 Potential Medicare Measures

Heart Attack
Aspirin at arrival
Aspirin at discharge
Drugs—left ventricular sys dys
Adult smoking cessation
Beta blocker at discharge
Fibrinolytic agent within 30 mins.
Cardiac cath within 120 minutes

Pneumonia
Pneumococcal vaccination
Blood culture before antibiotic
Smoking cessation
Appropriate antibiotic
Influenza vaccination

Patient Satisfaction
H-CAHPS

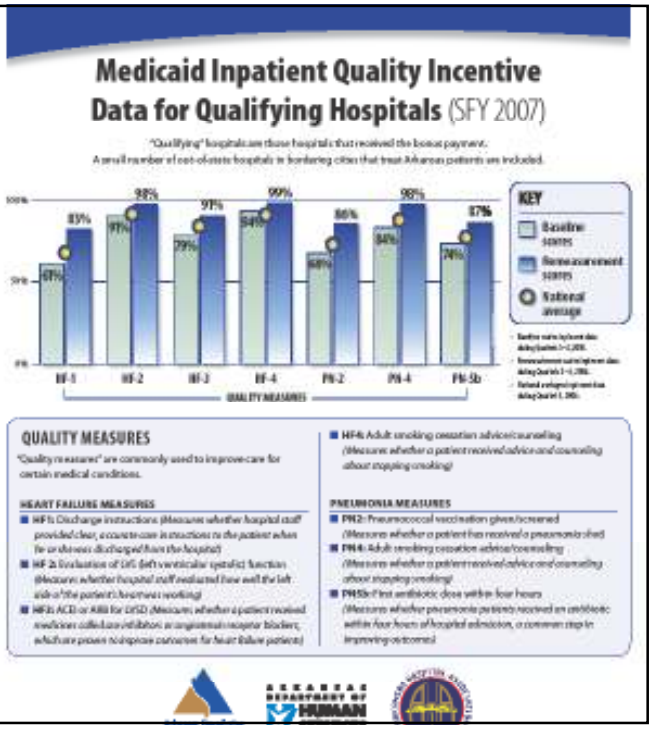
Outcomes
30-day AMI mortality
30-day HF mortality

Heart Failure
Discharge instructions
Drugs for left ventricular sys dys
Smoking cessation

Surgical Care
Prophylactic antibiotic before surgery
Prophylaxis discontinued after surgery

P4Q: WHAT MEASURES

Example: Arkansas



P4Q: WHAT MEASURES

Example: Pennsylvania Medicaid

Hospitals earn up to 15 points

- 0-2 points for 7-day readmit rates for each of asthma, diabetes, CHF, COPD (relative to statewide average)
- 0-2 points for score on left ventricular function assessment
- 0-2 points for average time to antibiotic for pneumonia patients
- 1 point for use of single medical record
- 1 point for program to reduce pharmacy errors
- 1 point for reporting Leapfrog measures

P4Q: WHAT MEASURES

Example: 17 RI Measures Already Reported

Heart Attack
Aspirin at arrival
Aspirin at discharge
Drugs—left ventricular sys dys
Adult smoking cessation
Beta blocker at discharge
Fibrinolytic agent within 30 mins.
Cardiac cath within 120 minutes
Composite measure

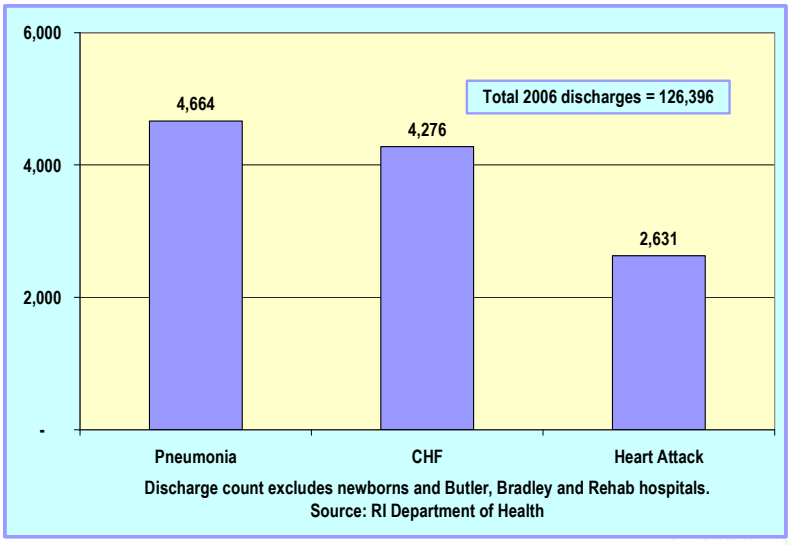
Pneumonia
Pneumococcal vaccination
Blood culture before antibiotic
Appropriate antibiotic
Influenza vaccination
Composite measure

Heart Failure
Discharge instructions
Drugs for left ventricular sys dys
Smoking cessation
Composite measure

Note: Not all measures are reported by all RI hospitals

P4Q: WHAT MEASURES

Discharges (All Payers) in RI Hospitals



Discharge count excludes newborns and Butler, Bradley and Rehab hospitals.
Source: RI Department of Health

P4Q: WHAT MEASURES

Potential New Measures in Rhode Island

Recommendation would be to consider future measures for P4Q when they are approved for reporting by the Health Care Quality Steering Commmittee

Surgical Care
Prophylactic antibiotic before surgery
Prophylaxis discontinued after surgery

Pressure Ulcers
Admission risk assessment
Daily skin assessment
Incidence of pressure ulcers

Safe Practices
Discharge planning
Computerized prescriber order entry

P4Q: WHAT POPULATIONS

Basis for Measuring Quality & Making Payments

- Quality measures typically based on all-payer population
  - Prevalence of conditions may vary by payer but care usually does not
  - Government interested in the entire population
- Incentives typically paid based on public payer volume (i.e., Medicaid or Medicare)
  - Rewards hospitals for taking more Medicaid/Medicare patients
  - Presumes that larger hospitals usually have higher costs of achieving quality

P4Q: ATTAINMENT OR IMPROVEMENT

Example: Medicare Pneumococcal Vaccination

Threshold = 47% [Median value] **Benchmark = 87%** [Average of top decile]

Hosp	Base Year	Measure Year	Points	Reason	Calculation
A		46%	0	Below threshold	
B		91%	10	Above benchmark	
C	67%	67%	5	Attain	(67 - 47) / (87 - 47)
D	57%	67%	5	Attain	(67 - 47) / (87 - 47)
			3	Improve	(67 - 57) / (87 - 57)
E	27%	67%	5	Attain	(67 - 47) / (87 - 47)
			7	Improve	(67 - 27) / (87 - 27)

Hospitals receive the higher of attainment and improvement scores, which are rounded.

P4Q: ATTAINMENT OR IMPROVEMENT

Example: Arkansas Medicaid

- First incentives paid in summer 2007
- Meet either criterion for at least two-thirds of measures
  - Attainment: > 95% or > 75th percentile statewide
  - Improvement: > 25% reduction in missed opportunities
- Achieve validation scores of at least 80%

P4Q: ATTAINMENT OR IMPROVEMENT

Example: Pennsylvania Medicaid

Scores affected new funding starting 1/1/06

- 13-15 points => 150% of funding increase
- 9-12 points => 125% of increase
- 6-8 points => Average increase
- 2-5 points => 75% of increase
- 0-1 points => No increase
- Grants up to $100,000 also available to hospitals that made investments in pharmacy error reduction, single medical record or other approved quality initiatives

FUNDING

Source and Magnitude of Funding

- Medicare: Budget-neutral, 2%-5% at risk
- PA: New money (DSH), $1 million
- AR: $3.9 million; up to 5.8% of per diem at risk or $50/day
  - But only about half of eligible hospitals qualified
- RI: Budget-neutral, 1%-3%?

P4Q POLICY DECISIONS

Policy Decisions to Be Made

	Pennsylvania Medicaid	Arkansas Medicaid	Medicare Proposal	Rhode Is. Example
What measures	Medicaid	Medicare	Medicare	Publicly reported
Population for calculating scores	All patients	All patients	All patients	All patients
Population for paying incentives	Medicaid	Medicaid	Medicare	Medicaid
Reward attainment or improvement	Attainment	Both	Both	Both
Flat amount or by volume	DSH payments	Medicaid volume	Medicare volume	Medicaid volume
Funding amount	$1 million	Up to 5.8%	2%-5%	1%-3%
Budget neutrality	New money		Budget neutral	Budget neutral

Suggested Next Steps

- Identify group to design the P4Q program
- Consultation process
- Finalization of measures and calculations
- Identify hospitals eligible for incentives
- Validation process
- Payment mechanism (lump sum or per stay)
- Public reporting
- Policy approvals
- Implementation date with or without transition period

Notes and References

- Slide 3: Figure on nosocomial infections from R.M. Klevens et al., "Estimating Health Care-Associated Infections and Deaths in U.S. Hospitals, 2002," *Public Health Reports* 122:2 (2007), pp. 160-166.
- Slide 4: Re "never events," see National Quality Forum, *Serious Reportable Events in Healthcare 2006 Update: A Consensus Report* (Washington, DC: NQF, 2007), available at www.nqf.org.
- Slide 4: Re incidence of never events in Washington, see Office of the Governor, State of Washington, "Gov. Gregoire Announces Agreement to Improve Patient Safety and Reduce Costs," news release, Jan. 29, 2008.
- Slide 6: CMS, *Plan to Implement a Medicare Hospital Value-Based Purchasing Program,* Report to Congress (Baltimore: CMS, 2007).
- Slide 7: For further information, go to the Arkansas Foundation for Medical Quality webpage at www.afmc.org/html/programs/quality_improve/hospital/iqi.aspx

For Further Information

Stephanie Kissam
Program Development - Director's Office
RI Department of Health
3 Capitol Hill
Providence, RI 02908
401-222-1439
stephanie.kissam@health.ri.gov

Kevin Quinn
Director, Payment Method Development
ACS Government Healthcare Solutions
34 N. Last Chance Gulch
Helena, MT 59601
406-457-9550
kevin.quinn@acs-inc.com
www.acsstatehealthcare.com/pay_method.shtml